

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /086 W

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R 301102Z AUG 77

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 4317

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

USCINCEUR

C O N F I D E N T I A L SECTION 1 OF 2 OSLO 3918

USCINCEUR FOR POLAD

E.O. 11652: GDS

TAGS: PINT, NO

SUBJ: SEPTEMBER 12 ELECTIONS - LABOR TESTS ECONOMIC ISSUES

REF: OSLO 3744

1. SUMMARY: WITH THE ELECTION ONLY TWO WEEKS AWAY, THE SEARCH FOR THE BIG CAMPAIGN ISSUE GOES ON. THE NON-SOCIALISTS HAVE YET TO STRIKE PAY DIRT; THE FAR LEFT HAS HAD LITTLE TO SHOW FOR ITS EFFORTS IN THE DEFENSE POLICY FIELD (REFTEL), AND NOW LABOR HAS BEGIN TO TEST THE WATERS ON THE NATION'S NEED FOR GUIDANCE THROUGH A PERIOD OF UNCERTAIN ECONOMIC CONDITIONS IN THE NEAR FUTURE. END SUMMARY.

2. THE NON-SOCIALISTS, FACED WITH THEIR BEST OPPORTUNITY IN YEARS, APPEAR UNABLE TO TAKE ADVANTAGE
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OF LABOR'S SIZEABLE PROBLEMS (SEE BELOW). THEY HAVE BEEN UNABLE TO DATE TO FIND AN ISSUE THAT COULD GIVE THEM THE NOT SO LARGE PUSH THAT THEY NEED (AT PRESENT THE THREE NON-SOCIALIST PARTIES - CONSERVATIVE, CENTER, AND CHRISTIAN PEOPLE'S - HOLD SEVENTY OF THE 155 SEATS IN THE STORTING, COMPARED TO 62 FOR LABOR). THE THREE PARTIES' INTERESTS ARE NOT THE SAME IN ALL AREAS, HOWEVER, AND

THEIR ELECTORAL COOPERATION IS LESS THAN FULLY EFFECTIVE. IN ADDITION, THE NON-SOCIALIST IMAGE HAS BEEN HURT BY THEIR SOMEWHAT PREMATURE PUBLIC SQUABBLING OVER THE DIVISION OF CABINET POSTS IN A POST-SEPTEMBER 12 GOVERNMENT. IN A SEARCH FOR ISSUES, SOME NON-SOCIALIST SPOKESMEN HAVE CRITICIZED THE GON'S HANDLING OF THE FURRE/LORAN C CASE (REFTEL). BEYOND THAT CONSERVATIVE LEADER KARE WILLOCH HAS CRITICIZED THE GOVERNMENT'S EFFORTS IN THE BARENTS EA FISHERIES NEGOTIATIONS WITH THE USSR, PARTICULARLY IN REGARD TO THE SO-CALLED "GRAY ZONE" AGREEMENT WHICH IS TO BE PUT BEFORE THE NEXT STORTING. NONE OF THESE EFFORTS, HOWEVER, HAVE GREATLY ADDED TO THE NON-SOCIALIST ELECTORAL MOMENTUM.

3. OF THE MINOR PARTIES, ONLY THE LEFT SOCIALISTS (SV) WILL ENTER THE BALLOTING WITH A SUBSTANTIAL BLOCK OF SEATS (16). AS SV'S VOTER APPEAL WANED (THE PARTY IS NOW EXPECTED TO RETAIN FIVE SEATS OR LESS) THE SV LEADERS TRIED REPEATEDLY TO FIND A VOTE-GETTING ISSUE. THEIR HEAVIEST EFFORT CONCERNED THE LORAN C QUESTION WHICH, WITH THE FINAL DISCLOSURE OF THE CHEI REPORT (REFTEL), PROBABLY HURT THE PARTY MORE THAN IT HELPED IT. THE DISCLOSURE OF GOVERNMENT SECRETS APPEARED TO OFFEND MOST SEGMENTS OF NORWEGIAN SOCIETY. A SUBSEQUENT ENDORSEMENT OF SV PARTY ACTION IN PRAVDA DID LITTLE TO HELP THE SV'S PUBLIC STANDING. FURRE'S LATEST EFFORT
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HAS BEEN A WIDELY IGNORED CRITICISM OF THE GOVERNMENT'S HANDLING OF THE EKOFISK BLOWOUT INVESTIGATION. AT PRESENT, IT APPEARS THAT SV, WHICH HAS A LOT TO LOSE, WILL DO SO.

4. FOR THE INCUMBENT LABOR PARTY, THE OUTLOOK IS MIXED. AS THE NATION'S LARGEST PARTY, BACKED BY THE POWERFUL NORWEGIAN LABOR ORGANIZATION (LO) THEY HAVE THE REQUISITE FUNDING AND ORGANIZATIONAL STRENGTH TO WIN AN ELECTION. AS NOTED ABOVE, THEIR PRINCIPAL OPPONENTS HAVE NOT BEEN ABLE TO FIND A SPECIFIC ISSUE WITH WHICH TO CRITICIZE THE GON. LABOR DOES, HOWEVER, FIND ITSELF FACED WITH A WIDESPREAD, IF UNSPECIFIC FEELING AMONG THE NORWEGIAN PUBLIC, THAT THERE IS SIMPLY TOO MUCH GOVERNMENT IN PEOPLES' DAILY LIVES. THAT UNFOCUSSED RESENTMENT, AS WELL AS AN EQUALLY VAGUE FEELING THAT A CHANGE CAN'T HURT THINGS AND MAY HELP, CONFRONTS LABOR WITH A SERIOUS PROBLEM. IT IS DOUBTFUL THAT ALL OF SV'S LOSSES WILL TRANSLATE INTO LABOR GAINS. THUS LABOR, WHICH HAS RULED (BY ONE VOTE) IN CONJUNCTION WITH THE 16 PRESENT SV PARLIAMENTARIANS, IS SEEKING AN ISSUE THAT WILL GAIN THEM VOTES FROM THE CENTER OF THE POLITICAL SPECTRUM TO OFFSET THE EROSION ON THE FAR LEFT.

5. IT IS AXIOMATIC IN NORWEGIAN POLITICAL CIRCLES THAT, WHEN THE VOTER IS CONCERNED ABOUT HIS POCKETBOOK, HE VOTES LABOR. THE LABOR PARTY HAS, ACCORDINGLY, BEGUN TO POINT TO AN UNCERTAIN ECONOMIC CLIMATE IN THE COMING YEAR. SINCE THE DOMESTIC ECONOMY HAS BEEN UNDER THEIR STEWARDSHIP DURING THE RECENT PAST, THE GOV. HAS, IN POINTING OUT THE ECONOMIC PROBLEMS OF THE NEAR TERM FUTURE, ATTRIBUTED THEM TO CAUSES BEYOND NORWAY'S BORDERS. THEY ALLUDED TO SUCH THINGS AS ANTI-INFLATIONARY POLICIES ABROAD AND WORLDWIDE CONDITIONS OVER WHICH A SMALL NATION, NO MATTER HOW WELL MANAGED, CAN HAVE LITTLE EFFECT.

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6. EARLY IN AUGUST COMMERCE AND SHIPPING MINISTER BAKKE MADE A DRAMATIC STATEMENT ABOUT THE PLIGHT OF THE SHIPPING INDUSTRY-- AND PROSPECTS FOR THOSE EMPLOYED IN IT. SHORTLY THEREAFTER, FINANCE MINISTER KLEPPE VOICED SERIOUS CONCERN ABOUT THE INCREASINGLY POOR PERFORMANCE OF NORWAY'S TRADITIONAL EXPORT INDUSTRIES, AND INDICATED THAT NORWAY FACES A DIFFICULT TIME IN MONTHS AHEAD. PRIME MINISTER NORDLI AND PARTY LEADER STEEN GAVE A SIMILAR WARNING AT AN AUGUST 17 PRESS CONFERENCE. ON AUGUST 25, IN A NEW REVIEW OF ECONOMIC TRENDS, NORWAY'S CENTRAL BUREAU OF STATISTICS NOTED THAT THE OUTLOOK FOR ECONOMY WAS OVER-ALL LESS ENCOURAGING THAN HAS BEEN THE CASE FOR "A LONG

TIME." "THE WINTER WILL BE BLACK" CONCLUDES THE REPORT,
"AND MANY DO NOT REALIZE HOW BIG THE PROBLEMS ARE THAT
WE FACE."THE AUGUST 28 DEVALUATION OF THE KRONE BY
FIVE PERCENT (SEPTTEL) GAVE CONCRETE, TANGIBLE FORM TO
THE PREDICTIONS OF ECONOMIC TROUBLES AHEAD.
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7. THE GON, IN AIRING THESE VIEWS, ATTRIBUTED THE
PROBLEMS TO THE LESS THAN HOPED FOR LEVEL OF ECONOMIC
ACTIVITY WORLD WIDE, AND TO CONTINUING FRG AND JAPANESE
POLICIES THAT CURTAIL OR AT LEAST DO NOT STIMULATE DOMESTIC
DEMAND DESPITE LARGE SURPLUSES. A LOOMING THREAT OF
STAGNANT DEMAND, FALLING INVESTMENT, UNCERTAINTY AND
POSSIBLE MALVEOLENCE RUNS THROUGH THE LABOR STATEMENTS,
AND U.S. POLICIES (AND DEFICITS) CONSTITUTE THE ONLY
BRIGHT SPOT ON THE OTHERWISE UNPROMISING HORIZON. THE
MESSAGE IS CLEAR--IF NORWAY IS TO CONTINUE TO HAVE ALMOST
NO UNEMPLOYMENT (NO MEAN ACHIEVEMENT IN THE FIRST PLACE,
GIVEN PRESENT CIRCUMSTANCES), VOTERS MUST RECOGNIZE THAT
SKILL, EXPERIENCE AND DEDICATION TO PRINCIPLE ARE ESSENTIAL.

8. WITH JUST OVER TWO WEEKS TO GO, THE LABOR APPEAL TO THE
POCKETBOOK COMBINED WITH A PROJECTION OF STABILITY ("A
GOVERNMENT YOU CAN RELY ON")
MAY INDEED PROVE SUFFICIENT TO KEEP THE PARTY AT THE HELM.
THE NORWEGIAN CITIZEN IS QUITE AWARE OF HIS RECENTLY
ACHIEVED MATERIAL WELL BEING. IT HAS, IRONICALLY, LED
HIM TO QUESTION THE NEED FOR FURTHER SOCIALIZATION OF
HIS SOCIETY. AT THE SAME TIME, HOWEVER, THE FEAR OF
LOSING THE GOOD LIFE MAY TURN HIM BACK TO THE PARTY
THAT CAN CLAIM CREDIT FOR HAVING BROUGHT THE GOOD LIFE
TO HIM IN THE FIRST PLACE.

9. RECENTLY, LOCAL WAGS WERE SAYING THAT NO PARTY SEEMED
CAPABLE OF WINNING THIS YEARS ELECTION, BUT THAT
ALL APPEARED ABLE TO LOSE IT. AS THE ECONOMIC PROSPECTS
DARKENED THE SAME OBSERVERS HAVE NOW ASKED IF ANY OF THE
PARTIES ACTUALLY WANT TO WIN THE ELECTION.

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